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ABSTRACT

A study was done of private liberal arts colleges and universities and their recent experiences with conducting capital campaigns. A 24 question checklist-style survey was mailed to 29 institutions in 17 states. Participants were either currently engaged in a capital fund raising campaign or had recently completed one. Twelve of the 29 colleges responded to the first mailing. This was followed by telephone interviews. All 29 colleges eventually responded either by mail or by telephone. Data were analyzed by calculating simple means for most of the questions. The typical institution was a 125-year-old private institution with 65.5 percent claiming a religious heritage. The larger the trustee body, the greater the percentage of the total goal was their personal giving. The average percentage for all boards was 27.2 percent. On average 47.5 percent of alumni gave to campaigns. In addition, the largest gift to a campaign was: typically from an individual; given before the campaign was publicly announced; and in the $2 million to $6 million range. The institution's president was important to campaign success as an active participant and visible leader. Successful planning initiated and led by the president tended to draw trustees into the campaign planning. Timing in response to economic conditions was often mentioned as an important consideration. Most colleges exceeded their overall campaign goals. (JB)

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ED 367 259

What Should We Expect in this Capital Campaign?

A Study of Capital Campaigns at Twenty Nine Liberal Arts Colleges

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)"

HE 027 229

by Leonard J. Moisan, Ph.D.
January, 1992

The Problem

Having a reasonable understanding of what to expect during a campaign can enhance both the planning and the ultimate success of any fundraising effort. While many cases of successful capital and comprehensive fundraising efforts have been documented, very little hard baseline data is available to help colleges determine benchmarks for fundraising. In recent years, organizations such as the Center on Philanthropy at Indiana University and the Council for Advancement and Support of Education have made significant progress in assembling a body of literature and supporting research efforts in the field of institutional advancement. However, many institutions still rely heavily on anecdotal information and advice from outside consultants in planning their campaigns.

This does not suggest that research providing hard data will eliminate reliance on outside consultants or anecdotal information. In fact, Pickett (1984) found that the use of outside professional counsel has a significant effect on fundraising success. However, knowing the experiences of other institutions can help us better predict what might occur and thereby assist us in establishing realistic expectations at our own institution.

In the current environment, this is a particularly urgent need. According to a recent American Council on Education report, Campus Trends, 1991, (El-Khawas, 1991) in 1991 operating budgets at one third of all institutions of higher learning either decreased or failed to keep pace with inflation. Further, nearly two-thirds of public four-year institutions and more than one-third of all independent institutions suffered mid-year

budget cuts. Clearly, the top concern of 84% of administrators in the study was financial support. This concern was followed by concerns for academic program quality (63%) and faculty staffing (46%), both of which are threatened by declining financial support. In fact, budget cuts in the College of Arts and Sciences at Columbia University have prompted criticism from faculty and threats of resignation from some department chairmen who are concerned about academic quality. Likewise, Dodge (1991) in a Chronicle of Higher Education story states that slashed budgets and downsizing of academic programs are forcing students to delay graduation plans and change majors.

Unfortunately, state governments are not in a position to help. According to a study by the Center for Higher Education at Illinois State University (1991), state governments cut appropriations for higher education by $80 million this year. Today, more than at any other time in recent history, higher education is looking to the private sector, and particularly private fundraising efforts to fill in the gaps.

Purpose of the Study

Like many other institutions our College is currently engaged in a comprehensive fundraising campaign. A needs assessment conducted in early 1987 determined that needs for current operations, endowment, capital projects and program enhancements would total $34.5 million over the next five years. However, a feasibility study (which, incidentally, began on October 19, 1987 - "Black Monday") showed that the College could reasonably expect to raise only $20 million over a five year period. The findings

also stated that our success would require the active involvement of the College's trustees in all phases of the drive. This would include not only giving generously, but also helping plan and execute the campaign. Accordingly, a campaign plan and committee structure were formulated to support a five-year, $20 million comprehensive fund drive.

We moved quite quickly into the campaign and the quiet, advance gifts or "nucleus fund" phase began in December of 1987. In her study of campaigns at several colleges and universities, Bornstein (1988) found that the advance gifts phase to develop the nucleus fund typically lasts 22 months and averages about 31 percent of the goal. At Bellarmine, it lasted about 7 months and amassed over 50% of the goal.

We have had a great deal of early momentum and success in this campaign. With 2 1/2 years to go, we stand at $18.2 million in cash and pledges. However, campaigns tend to take on lives of their own and events that impact them are often unpredictable. For example, when we began our campaign, we had no way of knowing that our president of 17 years would retire one year into the public phase of the campaign, develop cancer and die six months later. Likewise, we could not have predicted the health problems and death of a close family member a key volunteer would face the following year. Equally unpredictable were the two recessions, the second stock market crash, the Gulf War, the lingering down-turn in the economy and any one of a number of other events that have impacted our campaign. Had we been able to anticipate such events, we probably would have reconsidered the size and timing

of the campaign which is why it's probably not a good idea to consult either a prophet or an economist prior to the start of a campaign. Yet, we did commit to the campaign, and last year we stood at more than $17 million in cash and pledges with over three years to go. With a campaign total that was three times the size of our most fruitful campaign ever, it was clear that this campaign had already been a success. Nevertheless, we also determined that the campaign needed a boost.

Trustees were anticipating the need to either expand the current campaign goal or begin another campaign at the completion of this one. Not wanting to "reinvent the wheel" in our planning, we decided to ask other colleges and universities about their experiences. Since the circumstances we faced at this stage of the campaign were fairly typical, we also felt that other institutions might benefit from our research.

Method

A 24 question, checklist style instrument was designed to take no more than 7-10 minutes to complete. It was then mailed to 29 selected private colleges and/or universities in 17 different states. With a few exceptions, most of institutions had a strong liberal arts emphasis, similar to that of our college. Participants were selected using the Higher Education Directory and were qualified by the fact that they were either currently engaged in a capital campaign or had recently completed one. Selecting only liberal arts colleges and those with strong name recognition limits the ability to generalize the findings.

However, those selections were made because they were most relevant to our case and they were also likely to have a well-established fundraising tradition. Finally, though data were collected from 29 institutions, information was not available from every college to answer every question.

Twelve of the 29 colleges responded to the first mailing. This was followed by a series of telephone interviews from April through July, with all 29 colleges eventually responding either by mail or by telephone. Data were analyzed by calculating simple means for most of the 24 questions. Additional analysis occurred by establishing three categories for each of the first five variables listed below, and then controlling for each of those variables. The simple means for each category were then compared with the overall means for each variable to determine any mean differences of practical significance. Also, qualitative data secured from the telephone interviews added further data and clarity to the analysis. The same interviewer was used in each case to control for bias.

Findings

As the data were analyzed, some fairly clear patterns emerged. For example, the typical institution participating in this study was a 125 year old private liberal arts college. Of the 29 participants, 65.5% claimed a religious heritage and 34.5% considered themselves independent. Also, 62.1% of the participants had campaigns that were still in progress. The simple means and ranges for each survey question are listed below, as

well as other institutional characteristics and analyses. These quantitative and qualitative findings and analyses are presented in one of four categories that emerged:

1. General Findings
2. Trustee Involvement and Support
3. Alumni Involvement and Support
4. Campaign Structure and Innovation

General Findings

Category	Mean	Range
1. Age of college	125 years	41 - 215
2. Number of trustees	37.2	17 - 65
3. Total alumni	20,493	8,300 - 63,000
4. Alumni trustees	16 (43%)	3 (8%) - 44 (93%)
5. Enrollment	2,793	944 - 10,255
6. Campaign goal	$52.8 million	$14 - $150 million
7. Amount raised	$47.2 million	$6.5 - $137 million
8. % of goal completed	89%	21% - 137%
9. Campaign length	5 years	2 - 9 years
10. Average number of solicitations by bd. members	4.1	0 - 10
11. Largest gift to campaign	$5.26 million	$1 - $30 million
12. Alumni participation rate in campaign *	47.5%	18% - 80%
13. Percent of goal from trustee personal giving	27.2%	2.6% - 59.7%
14. Percent of total from alums **	29.6%	12% - 80%
15. Total trustee personal giving	$14.4 million	$540,000 - $30.9 million

* Typically, this represents the percentage of alumni who gave over the full campaign period. Annual rates of participation would tend to be significantly lower.

** Only 6 of 29 institutions responded to this question.

The analysis showed no significant mean differences when controlling for such variables as age of the institution and total alumni. There was a significant difference when controlling for the size of the student enrollment. Generally, the larger the institutional enrollment was, the larger the campaign

tended to be. For example, for all institutions, the average campaign goal was $52.8 million, but the average size of campaigns at institutions with enrollments of 1,500 or less was $32 million. Where the enrollments were between 1,500 and 5,000 students, campaign goals averaged $54 million and they averaged $117 million at colleges with more than 5,000 students. This seems logical since, typically, the larger the student body, the greater the financial need. (see graph 1)

However, the lack of a significant mean difference in alumni giving when controlling for alumni size was a surprise. Our initial hypothesis was that the larger the alumni body, the greater the alumni giving, but the largest alumni total (84% of the goal) actually came from an institution where the alumni body size was significantly less than the mean of 20,493.

Trustee Involvement and Support

There was a significant mean difference for the percentage of the campaign goal coming from trustee personal giving, when controlling for the number of trustees on the Board. Generally, the larger the trustee body, the greater the percentage of the total goal their personal giving represented. The average percentage for all boards was 27.2%. However, the average percentage for boards with 40 or more members was 34.95% compared with 20.99% for boards with less than 40 members. This means that larger boards as a group gave nearly 75% more from personal giving than smaller ones did. For the three boards that had 50 or more members, the percentage was 49.5% or nearly 2 1/2 times the percentage given at colleges with less than 40 board members.

Though more than 40 board members could prove to be a bit challenging to manage, the financial benefits of a larger board are clear. In fact, several colleges mentioned that they a had kind of two tiered board structure. This includes a very active and powerful executive committee who meet more regularly than the full board, and the rest of the board members. Nevertheless, only about 1/3 of the respondents had boards of 40 or more (see graph 2).

Interesting relationships emerged among the percentage of board members who were alumni and overall alumni support and the average size of the largest gift to the campaign. The higher the percentage of alumni on the board, the greater the overall percentage of alumni giving to the campaign tended to be. Also, the average size of the largest gift to the campaign tended to be higher among institutions where a greater percentage of the board members were alumni. For example, colleges with at least 50% of their board members who were also alumni reported that 51.5% of their alumni contributed to the campaign as opposed to 40.6% for institutions where less than 50% of their board members were alumni. (See graph 3) Also, institutions with a greater percentage of alumni board members received an average of $6.8 million as their largest gift compared with $4.76 million at institutions where less than 50% of their board members were alumni. For the four institutions where over 90% of the board members were alumni, 67% of the alumni contributed to the campaign and the largest gift averaged $7 million. (see graph 4)

Since alumni have more directly benefited from the institution and generally have stronger emotional ties than non-alumni, their investment tends to be greater and they tend to have more influence than non-alumni board members on overall alumni giving. However, several colleges where better than 50% of their board members were alumni related concerns about having too many alumni on the board. They were cautious about striking a balance between alumni affinity and enthusiasm and having a healthy "outside" perspective.

Generally, board members of participating colleges and universities were active in planning their respective campaigns. In fact, 82.8% of the institutions indicated that their boards were either moderately active or very active in campaign planning and in 86% of the cases, the campaign chairman was also a current board member. Among those institutions indicating board members were very active in campaign planning (62.1%), trustees tended to make more personal solicitations than the average (5.5 calls vs. a mean of 4.1) and the largest gift to their campaigns tended to be higher ($6.3 million vs. a mean of $5.26 million). They also had campaigns that were slightly larger than the mean ($55.75 million vs. $52.8 million) but their personal giving as a percentage of the goal was about the same as the mean (27.4 vs. 27.2).

From the telephone interviews, we learned that when trustees were more actively involved in planning the campaign, they tended to assume more ownership and responsibility for campaign success than trustees who were less actively involved. Since trustees were more actively involved in the planning, then it followed

that they were also better informed about the needs of the institution and the case for support. This tended to translate into more "missionary zeal" on the part of these trustees who were better equipped, more informed and thereby more willing to make solicitation calls than trustees who were less involved. These factors also contributed to the ability of the institutions where trustees were actively involved to attract "largest" or lead gifts that were much higher than the average.

Generally, not all board members at a given institution were involved in making calls. In fact, in one of the more successful campaigns, by design, only about half of the board members made calls. They acknowledged the fact that not all trustees were suited to making solicitation calls, and tried to focus their talents where they would be most effective.

Finally, we found that more trustee involvement tended to create an optimistic and enthusiastic attitude among board members regarding campaign potential. This may account for campaign goals at these institutions that were slightly higher than the mean. (see Graph 5).

Alumni Involvement and Support

In addition to the areas related to alumni involvement and support already reviewed, there were two additional measures of alumni support covered in this study: the average participation rate of alumni and the percentage of the total they gave. On average, 47.5% of the alumni at participant institutions gave to their campaigns. This is much higher than the national average of about 22% (private college % = 28.8) for alumni annual giving.

However, the fact that in most cases campaign giving and soliciting are typically spread out over five years and involve much more promotion than annual campaigns, probably accounts for much of that difference.

Although only six institutions responded to this question, the average percent of the total given by alumni was 29.6 percent. The fact that 18 of the campaigns were not yet complete and not all gifts were in yet, may account for the low response rate. However, 29.6% is only slightly higher than the national average of 26% cited in the 1991 "Giving USA" report.

Campaign Structure and Innovation

Though the "General Findings" section carries many of the particulars about the campaigns, some further patterns emerged from analysis of additional qualitative and quantitative data.

Typically, the largest gift to the campaign came from an individual (87.5% of cases), before the campaign was publicly announced (66.7% of cases), and in the $2 million to $6 million range (58.4% of cases). (see graph 6)

Only five institutions (17.2%) revised their goals after their campaigns started. Four institutions revised their goals upward with an average increase of $23.3 million or about 50% more than the original goal. One institution reduced the goal (by $1.5 million or 38%). At least five other colleges were also currently considering revising their goals. Twenty six institutions (89.7%) included annual giving and twenty four institutions (82.8%) included planned giving in the campaign and campaign

totals. Twenty five of the twenty nine institutions (86.2%) used outside counsel for some phase of the campaign. (see graph 7)

The importance of the president to campaign success was also emphasized. In all of these cases, the president was an active participant and very much a visible leader. Several presidents initiated strategic planning processes involving volunteers, faculty and staff. One of the more comprehensive of these programs involved nearly 250 individuals who served on 9 different planning task forces. Another president used the planning process to initiate significant reform in his institution, "changing its image" and moving it into "adulthood." In all these cases, the planning process preceded and served as a spring board for a successful campaign, and the presidents tended to build consensus and advocacy through them.

This successful planning process initiated and led by the president also tended to draw trustees into campaign planning, because the campaign was viewed as a means of implementing the strategic plan. In fact, in many cases, development officers cited strong trustee involvement in planning and execution of the campaign along with strong presidential leadership as primary factors in their success. Several development officers indicated that presidential leadership and ownership for the campaign led to significant trustee and community involvement and support. This helped build consensus which led to a very successful "nucleus fund" campaign. In turn, this built momentum that carried into the public phase of the campaign.

Timing was also frequently mentioned as an important consideration in planning a campaign. One institution that began

campaigning at a time of high unemployment had to revise their goal downward. Other institutions mentioned their concerns about heavy competition for a shrinking pool of philanthropic dollars. Leading with strong commitment and support for the campaign from students, faculty, staff and board members was seen as a way of overcoming the competition.

It was also fairly common for colleges to exceed the overall campaign goal, but have several campaign projects that were underfunded. In most cases, they would announce success and then refocus on underfunded priorities. For example, one college completed a campaign for over $50 million and then refocused their efforts to go back to their top 150 donors for unfunded projects. This effort raised an additional $35 million. Another institution had three consecutive campaigns of $8 million, $10 million and $14 million in about a 14 year period, while yet another college followed a five year campaign in which projects were underfunded with a two year campaign to raise an additional $14.5 million. Some schools did not formally announce new campaigns but simply moved into multi-year "development programs" to raise money for unfunded capital projects. And one development officer mentioned that she and the president are consistently in a campaign mode for specific projects. After a five year campaign that raised nearly $50 million, she related that $8 million was raised in one year entirely by trustees for a student center and over the next 18 months trustees raised an additional $18 million for an outdoor activities center.

Conclusion

The experiences of these 29 colleges and universities have revealed some interesting patterns that can serve other institutions in a variety of ways.

For example, at our college, having the benefit of this information has enabled both administrators and trustees to better evaluate our progress in such crucial areas as trustee involvement in campaign planning and implementation, alumni participation, and trustee giving. We also know how such factors as our largest gift, counting procedures, campaign length, campaign structure, etc. compare with those at other institutions.

Finally, based on both the quantitative and qualitative data we gathered, we have been able to formulate some solid strategies for future campaign activity.

How much should trustees be involved in the campaign planning? What can they be reasonably be expected to give? How many calls can they be expected to make? What can we expect from our alumni? How do we structure our campaign?

These and many other questions need to be answered by trustees and administrators alike when planning and evaluating their own campaigns. If you're not sure of the answers, you'll probably benefit like we did from a review of the experiences of other similar institutions.

Notes

1. William L. Pickett, "What Determines Fundraising Effectiveness?", CASE Currents, September, 1984, pp. 45-48.

2. Elaine El-Khawas, "Campus Trends", Higher Education Panel Report Number 81, (Washington American Council on Education), July, 1991.

3. Susan Dodge, "Slashed Budgets Force Students to Delay Graduation Plans and Change Majors", The Chronicle of Higher Education, December 4, 1991, Volume 38, Number 15, pp. 1, A48.

4. Scott Jashik, "State Funds for Higher Education Drop in Year; First Decline Since Survey Began 33 Years Ago", The Chronicle of Higher Education, November 6, 1991, Volume 38, Number 11, pp. 1, A38.

5. Rita Bornstein, "Adding It Up", CASE Currents, January, 1989, pp. 12-17.